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UNCLAS BANGKOK 007613

SIPDIS

SENSITIVE

STATE FOR EAP/MLS AND EB  
STATE PASS TO USTR FOR WEISEL

E.O. 12958: N/A

TAGS: PREL ETRD TH

SUBJECT: CODEL SMITH MEETS WITH PRIME MINISTER THAKSIN

¶1. (SBU) In a December 9 meeting, Codel Gordon Smith met with Prime Minister Thaksin at Government House. During the course of their forty-five minute conversation, The PM assured the Senators that completion of bilateral Free Trade Agreement (FTA) talks with the U.S. is of paramount importance to Thailand given the size of the U.S. market and because it will "bring our countries even closer together and attract more U.S. investment." He also implied that an FTA with the U.S. will help Thailand in negotiating improved market access to China.

¶2. (SBU) Senator Cornyn explained that USTR is not empowered to negotiate temporary entry of workers into the U.S. but that the Australian model of working with Congress on such access following the successful completion of an FTA is something Thailand should consider. Thaksin responded that his goal is to allow certain specialized workers, especially Thai chefs, to gain temporary access to the U.S. in order to promote the export of Thai food products. The PM assured the Codel "we only want to send skilled people" to promote overall Thai exports.

¶3. (SBU) Senator Crapo mentioned the sensitivity in the U.S. to free trade in sugar. The PM replied that his goal is not to trade in sugar but rather in products made from sugar, especially ethanol for which he sees a growing worldwide demand.

¶4. (SBU) Senator Bennett expressed the delegation's concern that U.S. financial services companies gain improved access to the Thai market as part of any FTA. Thaksin argued that "banks are just brokers" and make their money from the spread between deposits and loans; "it's to the benefit of our citizens if these spreads are as small as possible, so we don't want to be protectionist. We will give our banks some time to prepare themselves...but they will have to become strong enough to compete."

¶5. (SBU) Comment: The conversation also touched on Thailand's efforts to reduce the drug trade in cooperation with other nations in the region, and plans for the RTG to upgrade two squadrons of F-16s. The overall tone of the meeting was extremely positive with both sides expressing appreciation for our long-standing alliance. While both the Senators and the PM noted that FTAs are growing increasingly sensitive politically, they agreed that the friendship between our nations and the goal of an FTA that is "win-win" should help gain support for the treaty's eventual approval.

¶6. (U) Codel Smith did not have the opportunity to clear on this cable.

BOYCE